

CREDIT UNION DIVISION[189]

Adopted and Filed

Rule making related to board of directors and branch applications

The Credit Union Division hereby amends Chapter 2, “Organization, Chartering and Field of Membership of a Credit Union,” and Chapter 6, “Branch Offices,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code sections 533.104(5) and 533.107(6).

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code sections 533.113A, 533.205(3)“c” and 533.301(19).

Purpose and Summary

The amendment to Chapter 2 moves the content of existing rule 189—2.9(533) to rule 189—2.8(533) and codifies in rule 189—2.9(533) board of directors meeting requirements with respect to frequency of meetings and quorum requirements. The amendments to Chapter 6 reflect a modernization of the current requirements for filing branch applications and establish a penalty for failure to comply with the applicable application requirements.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on March 13, 2019, as **ARC 4331C**. No public comments were received. No changes from the Notice have been made.

Adoption of Rule Making

This rule making was adopted by the Credit Union Review Board on April 17, 2019.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Division for a waiver of the discretionary provisions, if any, pursuant to rule 189—17.20(533) and the process outlined in 189—Chapter 23.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on October 2, 2019.

The following rule-making actions are adopted:

ITEM 1. Amend rules 189—2.8(533) and 189—2.9(533) as follows:

189—2.8(533) Incorporation and commencement of business.

2.8(1) and **2.8(2)** No change.

2.8(3) *Commencement of business.* A credit union shall not commence business (which shall include, but not be limited to, the incurring of any obligation or the commitment of any of its assets) until its chartering and incorporation are completed, and deposit insurance is obtained as required by law. A newly chartered credit union must commence business within 60 days after the date its charter is approved, or the credit union's certificate of approval may be revoked by the superintendent.

189—2.9(533) Commencement of business Board of directors meeting requirements. ~~A credit union shall not commence business (which shall include, but not be limited to, the incurring of any obligation or the commitment of any of its assets) until its chartering and incorporation are completed, and deposit insurance is obtained as required by law. A newly chartered credit union must commence business within 60 days after the date its charter is approved, or the credit union's certificate of approval may be revoked by the superintendent.~~

2.9(1) The board of directors shall hold at least 12 regular meetings each calendar year. No more than one regular meeting shall be held in one calendar month.

2.9(2) A quorum shall be required to undertake any credit union business and required at any meeting of the board of directors called by the superintendent pursuant to Iowa Code chapter 533.

This rule is intended to implement Iowa Code sections 533.205(3) "c" and 533.113A.

ITEM 2. Amend subrule 6.1(2) as follows:

6.1(2) *Application.* A state chartered credit union desiring to establish and operate a branch or administrative office shall submit to the superintendent an "Application to Establish a Branch or Office." A state chartered credit union owning an interest in a credit union service organization shall submit to the superintendent an "Application to Establish a Branch or Office" for any building which is intended to be used primarily by the credit union or credit union members, even if the building is owned by the credit union service organization. The application and instructions for preparing and filing it are furnished upon request. However, the superintendent may waive the application requirement when in the superintendent's opinion the waiver is necessary or desirable.

ITEM 3. Adopt the following **new** subrule 6.1(7):

6.1(7) *Failure to file application.* Failure to file an "Application to Establish a Branch or Office" prior to closing on existing real estate or breaking ground on a building project may result in a fine of \$100 per day, upon notice from the credit union division, until the application is submitted to the credit union division.

[Filed 8/8/19, effective 10/2/19]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/28/19.